

## **STEP-BY-STEP PROCESS FOR EMPLOYERS LIABLE UNDER THE HAWAII EMPLOYMENT SECURITY LAW**

The following describes the general processes and requirements for an employer liable under the Hawaii Employment Security Law. The actual steps may vary depending on circumstances. Employers should refer to the Handbook for Employers on Unemployment Insurance for specific information on any particular item.

### **1. Employer Registration**

- a. An individual or organization, which has, or plans to have, one or more workers performing services for it must register with the Unemployment Insurance (UI) Division within twenty (20) days after services in employment are first performed.
- b. To register, obtain Form BB-1, State of Hawaii Basic Business Application at [www.dlir.state.hi.us](http://www.dlir.state.hi.us) or from any Department of Taxation Office. Mail your completed Form BB-1 to your nearest Department of Taxation district office.
- c. Within 2 to 8 weeks the Department of Taxation will forward a copy of your application to the Employer Services Section of the Unemployment Insurance Section.
- d. If an employing unit is subject to the provisions of Chapter 383, Hawaii Revised Statutes, it will be assigned a State of Hawaii, Department of Labor employer account identification number.
- e. A post registration packet is sent out to newly liable registered employers within 1 day of the activation of their account.

### **2. Employer Elections**

- a. Non-profit organizations qualifying for income tax exemption under Section 501(c)(3) of the Internal Revenue Code may apply to self-finance benefits to their employees on a reimbursable basis. Employers requesting this election must file an application with the Unemployment Insurance Division to see if qualifying requirements can be met.
- b. A family-owned corporation which has two family members, related by blood or marriage, who, as the only employees each own at least 50% of the shares issued by the corporation may apply for exclusion from UI coverage. To elect this exclusion option, Form UC-336, "Election by Family-Owned Corporation to be Excluded From Coverage Under Section 383-7(20)" can be obtained at [www.dlir.state.hi.us](http://www.dlir.state.hi.us) or from the nearest UI office.
- c. If an employer has succeeded the business of another employer, they may request acquisition of the experience record of the predecessor in order to obtain a more favorable contribution rate. Form UC-86, "Waiver of Employer's Experience Record" must be filed within sixty days after the

date of acquisition or by March 1 of the following year, and the predecessor must clear all contributions and reports due to the UI Division.

### **3. Quarterly Contributions**

- a. Form UC-B6, "Employer's Quarterly Wage, Contribution and Employment and Training Assessment Report" is mailed to the last known mailing address on file for all active employers, fifteen days prior to the end of EACH calendar quarter.
- b. Employers must complete Form UC-B6 and pay all contributions and assessments by end of the month after the end of the calendar quarter. Completed reports and payments should be mailed to State Tax Collector, P O Box 3223, Honolulu, HI 96801
- c. If an employer overpays the contribution due, a "Notice of Credit" is mailed to the employer the next day. A refund may be requested by the employer by signing the "Notice of Credit" and mailing it to their nearest Employer Services office.
- d. If an employer underpays the contribution due, a monthly bill entitled "Statement of Account" is mailed to employers last known mailing address on file. Included on this bill are the following: penalty of 10% or \$10, whichever is greater, interest from the date of delinquency at the rate of 2/3 of 1% for each month or fraction of month until paid on any delinquent contributions remaining unpaid fifteen days after the date of delinquency and the E&T assessment.
- e. If Form UC-B6 is filed with no remittance of taxes, a "Notice of No Remittance" is mailed to the employer advising them that a report was filed for the respective year/quarter with no payment applied. The employer is advised to submit payment to the State Tax Collector, P O Box 3223, Honolulu, HI 96801.
- f. If an employer fails to file Form UC-B6, they will receive a "Notice of Tax Assessment (OA)." This notice informs the employer that an assessment was made against their Unemployment Insurance Account because they failed to file a report for the period indicated. Employers have twenty days from the mailing date to file their reports. Otherwise, the tax assessment becomes final. In addition, failure to file all UC-B6 forms will result in the assignment of the maximum contribution rate of 5.4% during the next annual rating period.

### **4. Annual Experience Rating**

- a. During the second week of March of each year a "Contribution Rate Notice" is mailed to all active contributory employers to notify them of their contribution rate and employment and training rate for the current calendar year.

- b. If an employer disagrees with the rate assigned to their account stated on the “Contribution Rate Notice”, the employer must submit their request for review and redetermination in writing, setting forth the reasons, within fifteen days from the date of mailing of the rate notice.

## **5. Notification of Changes**

- a. Employers should immediately notify the Unemployment Insurance Division of any changes to their address or the status of their business on Form UC-25.